

STATE OF INDIANA

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To: Adam M. Horst, Director State Budget Agency, Michael Kos, Budget Analyst

From: Catherine H. Wolter, Assistant General Counsel

Date: September 30, 2011

Re: Cost-Benefit Analysis of the Mobile Home Rule-LSA Doc. #11-567

Pursuant to Executive Orders 05-02, 2-89 and Financial Management Circular 2010-4, the Department of Local Government Finance ("Department") submits the following cost-benefit analysis and requests approval of the attached proposed rule which amends 50 IAC 3.3-2-2 to clarify the definition of "annually assessed mobile home", amends 50 IAC 3.3-2-3 to add "manufactured home" to the definition of "real property mobile home"; adds 50 IAC 3.3-2-3.5 to define "permanent foundation"; amends 50 IAC 3.3-3-1 to add "county assessor or township assessor, if any" and requires use of residential cost schedule A; adds 50 IAC 3.3-3-2 regarding liability for property tax; amends 50 IAC 3.3-5-1 to add "county assessor or township assessor, if any".

Statement of Need

The Department finds the rule necessary to serve a public need to ensure fair and uniform mobile home assessments, and to provide guidance to the counties in determining the type of mobile home being assessed. The Department estimates that 165,532 Indiana mobile home owners will benefit from fair and uniform assessments. This included mobile homes assessed as real property and those assessed on an annual basis. This was based on the 2010 assessment data, unless 2010 data was not available in which case the latest available data year was used. The goal of the rule is to assist assessing officials in determining the type of mobile home they are assessing and clarify assessment terms for them. The Department has received many questions concerning mobile home types over the years, and this rule should address many of those questions. The rule amendments came about as a response to the questions and concerns raised by the regulated assessors. The Department searched its assessment data bases for the estimate of the number of mobile home owners.

Evaluation of Benefits and Costs

The taxpayers of Indiana will truly benefit if this rule becomes law. It will ensure fair and uniform mobile home assessments within a mobile home type. The Department believes the benefits will exceed the costs (which are virtually none). The primary and direct benefit is to the mobile home owners who should have more fair and uniform assessments. As a secondary benefit, the assessors will have the guidance they have been seeking in determining mobile home types. Compliance costs will be minimal to non-existent. The rule amendments simply clarify the process of assessment and make it easier. Education of assessment workers will be minimal since they are aware of the types of mobile homes and this will make it easier for them to make a determination as to type. There should not be any administrative costs associated with the

amendments. Although it would be virtually impossible to measure, the assessors may save some money in more efficient assessments of mobile homes. The Department estimates that the proposed rule will have no or very minor fiscal impact on state and local government.

Examination of Alternatives

There simply is no reasonable alternative to providing this necessary clarification of definitions and guidance requested by the assessors. Since the small amendments to the rule are in response to requests from the assessors and will not be a cost burden to them, the alternatives methodology does not reasonably apply in this case.

The Amendments Will Not Have a \$500,000 Impact

There will not be a cost associated with the clarifications to the rule requested by the assessors.